

COUNTRY ANALYSIS BRIEFS

Gabon

Last Updated: November 2007

Background

Gabon's economic growth is highly dependent on oil production. As a result, Gabon is seeking to simultaneously increase investment in oil and boost non-oil sector growth for future stability.

Gabon's economy is highly dependent on oil production, with the country's oil exports accounting for 51 percent of GDP and 63 percent of government revenues. Gabon's per capita GDP is approximately \$5,500, well above most of sub-Saharan Africa. However, most of the population lives below the poverty line as evidenced by Gabon's rating of 124 (out of 177) on the Human Development Index (HDI) and unemployment stands at about 40 percent.

Gabon hopes to increase growth in non-oil sectors as it is currently facing significant declines in both oil production and reserves. The country's other main exports are timber, uranium and manganese but oil still represents 70 percent of the total exports. In recent years, Gabon has taken steps to market itself as a high end ecotourism destination. Nonetheless, the country is expected to continue relying on oil production in the near future.

In addition to declining oil production, Gabon is faced with high debt payments amounting to 40 percent of the annual government budget. In May 2007 the IMF approved a new US\$ 117 million standby loan to support government efforts to expand the non-oil sectors of the economy.



Gabon is a relatively stable country located in the Gulf of Guinea. President Omar Bongo Ondimba has been in office since 1967 and is the longest serving head of state in Africa. In 2005 he was reelected for his seventh term through 2012. While there has been some localized social unrest it has not affected oil investment. Regionally, Gabon has been in a dispute with Equatorial Guinea over three islands in the Corsico Bay that could potentially contain oil deposits. The final status of the islands is still pending. Gabon is also a signatory to the Extractive Industries Transparency Initiative that supports governance and revenue transparency from the oil, gas and mining sectors. In 1996, Gabon retracted its membership in the Organization of Petroleum Exporting Countries (OPEC), citing the organization's high annual dues as the reason.

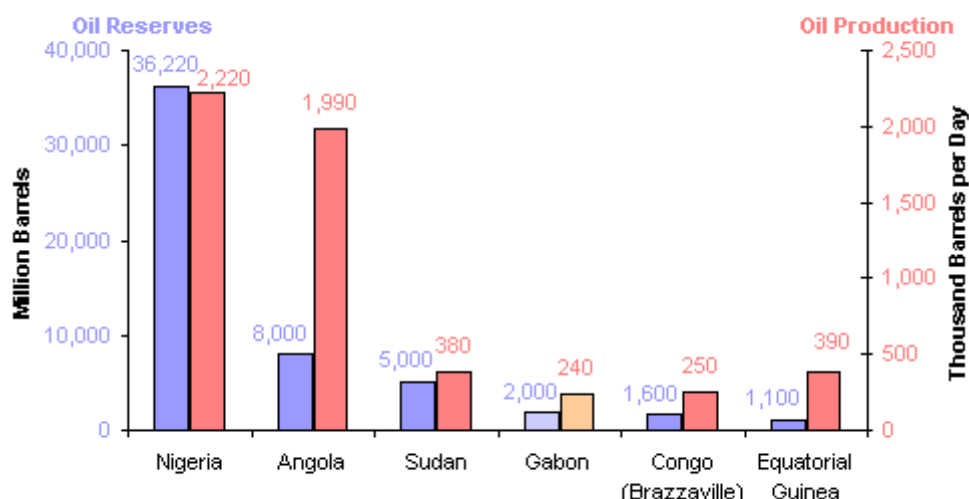
Oil

Gabon has the fourth-largest crude oil reserves in sub-Saharan Africa.

Overview

According to *Oil and Gas Journal* (OGJ), Gabon had proven oil reserves of 2 billion barrels as of January 2007, down from 2.5 billion in 2006. Oil production for 2006 was an estimated 240,000 bbl/d, making Gabon the sixth largest producer in sub-Saharan Africa. This figure however, represents a sharp decline from the 1997 peak production of 370,000 bbl/d as most fields are beyond their peak production. Given the country's dependence on oil revenues, government officials are working to boost investment in the sector through new licensing rounds and favorable terms for foreign investments. In the short-term high oil prices are expected to mitigate the impacts of decreasing production.

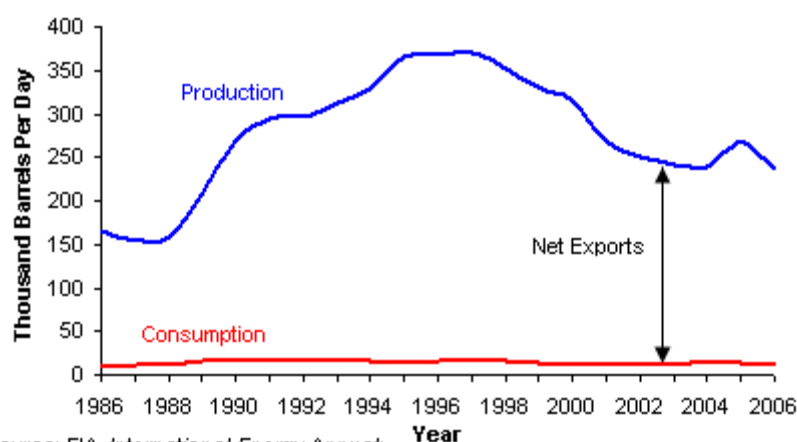
Top Proven Oil Reserves and Production in Sub-Saharan Africa, 2006



Source: EIA, *International Energy Annual*, *Oil and Gas Journal*

Gabon currently has 122 producing fields and new drilling is expected to increase production figures over the next couple of years. According to EIA's *Short-Term Energy Outlook*, Gabonese oil production averaged around 240,000 bbl/d from January to September of 2007, increasing to 250,000 bbl/d in the fourth quarter of 2007. In 2006, domestic oil consumption was at 12,000 bbl/d, allowing most of the oil produced to be exported to the United States, Europe (mainly France) and, increasingly China and India.

Gabon's Oil Production and Consumption, 1986-2006



Source: EIA, *International Energy Annual*;
Short Term Energy Outlook

The two major oil companies operating in Gabon are Royal Dutch Shell and Total—although the largest producer is currently Addax Petroleum, an independent company. Other independents operating in the country include Tullow Oil, Vaalco, Maurel et Prom (M&P).

Sector Organization

Gabon's Oil Ministry is responsible for all regulation in the oil industry. The country has a national oil company, Société Nationale Petrolière Gabonaise (SNPG); however, SNPG is not actively involved in development projects. The tax system within Gabon encourages foreign investment and certain aspects of oil exploration are exempt from the value-added tax. In addition to providing investment incentives, Gabon has been striving towards greater transparency within the oil industry. In 2004, Gabon created an online oil databank where users can obtain energy information dating back thirty years. In addition, Gabon joined the Extractive Industries Transparency Initiative (EITI) to increase transparency in oil and mining payments from companies to governments.

The National Organization of Oil Workers (ONEP) was created in 2001 and represents 2,130 employees in the oil sector. The union called a strike in July 2007 demanding workers receive better working and living conditions. The strike was called off and a committee has been formed to monitor the demands of oil workers.

Exploration and Production

Gabon is actively seeking oil investment in an effort to maintain current production levels of crude oil.

The onshore Shell-operated Rabi-Kounga field contains the vast majority of Gabon's proven oil, while additional reserves are located in the offshore Tchatamba Marin and Etame fields. In July 2006, Addax Petroleum purchased the interests of Pan-Ocean Energy in Gabon for \$1.4 billion. The acquisition makes Addax the largest producer in Gabon, with total production of more than 100,000 bbl/d. According to Addax Petroleum, some of their near-term development plans include the continued drilling in the Tsengui and Obangue fields (where production has already increased by 20,000 bbl/d in the first half of 2007), completion of an export pipeline, which will transport oil from the onshore Obangue field to the Coucal pipeline system and export terminal at Cap Lopez, and future development of the Koula field.

Most of Gabon's major production wells are beyond their peak production, and the government is planning to hold its tenth licensing round in 2008 in an effort to increase production. More than 30 deepwater offshore blocks and some onshore blocks are expected to be open.

Gabon has a well established history in international investment and production sharing agreements. Total recently renewed its agreement with Gabon for another 25 years citing changes to Gabon's legal and tax terms that encourage exploration and development. Total's planned developments along with other new investments are expected to stabilize oil production. The strong government support for oil exploration and production was also evident in recent changes to natural park laws after a controversial incident involving China's Sinopec drilling in a natural reserve. The law was changed to allow for extractive activities in natural parks.

Downstream

The Sogara refinery at Port Gentil is Gabon's only refinery. Opened in 1967, Sogara is jointly owned by the Gabonese government (25 percent) and a number of international firms, led by Total (44 percent) and Shell (17 percent). According to OGJ, the refinery had 17,300 bbl/d of crude distillation capacity as of January 2006.

Natural Gas

Natural gas is a relatively unexploited natural resource in Gabon.

According to OGJ, Gabon had proven natural gas reserves of 1 trillion cubic feet (Tcf) in 2007. In 2006, Gabon produced and consumed 4 billion cubic feet (Bcf) of natural gas. The majority of natural gas output is used in the generation of electricity and to run the country's single refinery while the remainder is flared. The Gabonese government is exploring the possibility of developing gas related industries.

Electricity

Gabon's Société d'Electricité et d'Eaux du Gabon (SEEG) continues to improve the country's generation capacity and distribution network.

Overview

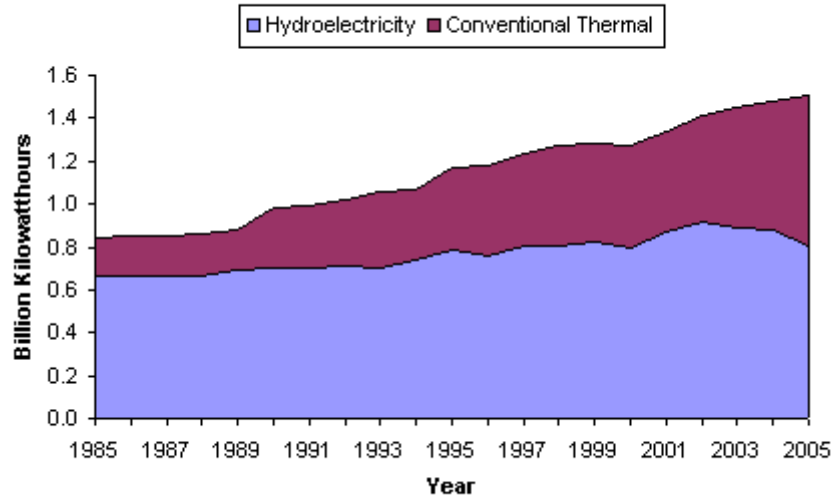
According to the EIA, Gabon had 400 megawatts (MW) of installed generating capacity, of which 59 percent was conventional thermal, the remainder consisting of hydroelectric. In 2005, the country generated 1.5 billion kilowatt hours (Bkwh) of electricity, while consuming 1.2 Bkwh. More recent estimates from the Wildlife Conservation Society in Gabon state that in 2007, 70 percent of the country's electricity generation is from hydroelectricity. And, additional electricity is being generated through a recent project between Siemens and the Ministry of Energy providing solar panels to remote villages.

The primary hydroelectric sites are located at Tchimbélé (68 MW) and Kinguéle (58 MW) on the M'Bei River. In the south of the country, the Poubara dam produces an additional 38 MW, and in the southwest, the Bongolo complex supplies 6.2 MW. There are several plans being considered to expand hydroelectricity generation capacity, some in conjunction with future mining

developments.

Approximately 80 percent of the Gabonese population has access to electricity. SEEG supplies electricity primarily in the cities of Libreville, Port Gentil and Franceville. However, low levels of rainfall in early 2007, combined with heavy reliance on hydroelectricity led to blackouts in Libreville. Gabon is considering an increase in dam storage capacities to allow for fluctuations in water supply.

Gabon's Electricity Generation, by Source, 1985-2005



Source: EIA, *International Energy Annual*

Sector Organization

Gabon's electricity sector is operated by the Société d'Electricité et d'Eaux du Gabon (SEEG). Since 1997, Veolia (a French water and power utility, formerly Vivendi) has owned 51 percent of SEEG. The remaining shares of SEEG are owned by SEEG employees and the public. Electricity rates have fallen since Veolia led efforts to improve the country's generating capacity and its transmission/distribution network.

Profile

Energy Overview

Proven Oil Reserves (January 1, 2007 O&GJ)	2 billion barrels
Oil Production (2006)	237 thousand barrels per day
Oil Consumption (2006)	13 thousand barrels per day
Proven Natural Gas Reserves (January 1, 2007 O&GJ)	1 trillion cubic feet
Natural Gas Production (2006E)	3.5 billion cubic feet
Natural Gas Consumption (2006E)	3.5 billion cubic feet
Recoverable Coal Reserves (2005)	None
Coal Production (2005)	None
Coal Consumption (2005)	None
Electricity Installed Capacity (2005)	0.4 gigawatts
Electricity Production (2005)	1.5 billion kilowatt hours
Electricity Consumption (2005)	1.24 billion kilowatt hours
Total Energy Consumption (2005)	0.04 quadrillion Btus *
Total Per Capita Energy Consumption (2005)	28.1 million Btus
Energy Intensity (2005)	3,700 Btu per \$2000-PPP**

Environmental Overview

Energy-Related Carbon Dioxide Emissions (2005)	4.95 million metric tons
Per-Capita, Energy-Related Carbon Dioxide Emissions (2005)	3.6 metric tons
Carbon Dioxide Intensity (2005)	0.5 Metric tons per thousand \$2000-PPP**

Oil and Gas Industry

Organization	State Oil Company: Société Nationale Petrolière Gabonaise
Major Oil/Gas Ports	Onshore: Cap Lopez, Oguendjo, Gamba, Port Gentil – Offshore: Lucina, M'Bya
Foreign Company Involvement	Shell, Total, Vaalco, Addax Petroleum, Tullow Oil, Maurel et Prom
Major Oil Fields	Rabi-Kounga, Etame
Major Refineries (capacity, bbl/d)	Sogara in Port Gentil (17,300)

* The total energy consumption statistic includes petroleum, dry natural gas, coal, net hydro, nuclear, geothermal, solar, wind, wood and waste electric power. The renewable energy consumption statistic is based on International Energy Agency (IEA) data and includes hydropower, solar, wind, tide, geothermal, solid biomass and animal products, biomass gas and liquids, industrial and municipal wastes. Sectoral shares of energy consumption and carbon emissions are also based on IEA data.

**GDP figures from OECD estimates based on purchasing power parity (PPP) exchange rates.

Links

U.S. Government

[CIA World Factbook - Gabon](#)

[U.S. Department of State Consular Information Sheet, Gabon](#)

General Information

[BBC Country Profile: Gabon](#)

[Gabon News Links](#)

[Strategic Road- Gabon](#)

[Washington Post World Reference: Gabon](#)

[African Union \(formerly Organization of African Unity\)](#)

[World Bank Fact Sheet: Gabon](#)

Oil and Natural Gas

[Marathon](#)

[Perenco](#)

[Total](#)

Sources

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Africa News Service

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Economist Intelligence Unit ViewsWire

Factiva

Gabon Magazine

Global Insight

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International Oil Daily

Market News Publishing

Oil and Gas Journal

PanAfrican News Agency

Petroleum Intelligence Weekly

Platts Oilgram News

PR Newswire

Quest Economics Database (QED)

U.S. Energy Information Administration

World Bank

World Markets Analysis

Contact Info

cabs@eia.doe.gov
(202)586-8800
cabs@eia.doe.gov